

STATE OF WASHINGTON
DEPARTMENT OF NATURAL RESOURCES
SMALL FOREST LANDOWNER OFFICE

LEGISLATIVE
REPORT

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Overview of the Small Forest Landowner Office

History and Progress

The Salmon Recovery Act, 1999 Laws Sp. Sess. Ch. 4, which implements the Forests and Fish Report recognizes the importance of small forest landowners (RCW 76.13.110(5)). It requires the Small Forest Landowner Office to be created in the Washington State Department of Natural Resources (DNR) to provide the legislature and the Forest Practices Board with information and demographics on non-industrial private forests and woodlands and forest practices applications. The Small Forest Landowner Office is also to make recommendations on more effective incentives to encourage continued management of non-industrial private forests and woodlands for forestry uses in ways that better protect salmon, other fish and wildlife, water quality, and other environmental values. This report serves as an update on the activities of the Small Forest Landowner Office.

- ◆ The Small Forest Landowner Office Advisory Committee was convened in October 1999 to advise the Department of Natural Resources on small landowner issues. This committee of four small forest landowners, and representatives from Washington Departments of Fish and Wildlife, Ecology and tribal government, has met once to two times a month since then to draft proposed rules for the forest riparian easement program and alternate plans.
- ◆ The Small Forest Landowner Office was officially established within DNR's Forest Practices Division on July 17, 2000 with the hiring of Steve Stinson as Administrator. As of December 1st, 2000, the Office has hired 5 of its 6 staff positions in the Division and 5 of the 6 Natural Resource Specialist positions in the Regions.
- ◆ The statewide priority for the office is implementing the Forest Riparian Easement Program (FREP). The first post-harvest questionnaire from an applicant has been received and is being processed by the Office. It is expected that the first easement will be completed in January 2001.
- ◆ The Office is undertaking a statewide campaign to inform small forest landowners of the Forest Riparian Easement Program and its potential benefits. This effort will be facilitated through the use of a Small Forest Landowner Office website, which is currently in the department review process and will be available to the public in January 2001.

- ◆ The Office and the Small Forest Landowner Advisory Committee have drafted a proposal for a Small Forest Landowner Alternate Plan rule, which is currently under review by Forests and Fish participants and others prior to submission to the Forest Practices Board for adoption. The rule adoption process, along with the accompanying Small Forest Landowner Alternate Plan Board Manual, is scheduled to be completed by July 2001.

Goals and Future Needs of the Small Forest Landowner Office

- ◆ The statutory direction to this Office targets non-industrial forests and woodlands which are "those suburban acreages and rural lands supporting or capable of supporting trees and other flora and fauna associated with a forest ecosystem, comprised of total individual land ownerships of less than five thousand acres and not directly associated with wood processing or handling facilities" (RCW 76.13.010(4)). Until more accurate data can be collected, the department is using data for this report based on those landowners with less than 1000 acres. The currently available data from past surveys on small forest landowner demographics is tabular, highly generalized and does not address the new harvest-based definition of a small forest landowner created in the Salmon Recovery Act, which defines small forest landowners as those who harvest less than 2 million board feet on an annual basis. [RCW 76.13.120(2)(c)]. Estimates on a portion of the small forest landowner demographics required for this report have been extrapolated from currently available data and are included in this report as a means of demonstrating general trends in land management and landowner values. We provide here one county's example of tax parcel data and include a proposal for a comprehensive Office small landowner database.
- ◆ The Office is required to assist in the development of Alternate Plans for small landowners with relatively low impact on aquatic resources and to address the cumulative impacts of such plans. The generalized data available for this report indicates the need to develop a comprehensive, spatially explicit database in order to accurately provide the information requested in RCW 76.13.110(5) and to fully assist small forest landowners.
- ◆ We are currently losing 100 acres per day in western Washington alone to conversion of non-industrial private forestland to non-forest uses (WA Department of Natural Resources 1998). Ultimately, without spatially explicit information on this ownership, natural

resource policy makers will be unable to quantify the public values that these ownership's provide or develop regulatory incentives so that these benefits continue to exist.

Small Forest Landowner Office Legislative Report **2000**

Introduction

The Salmon Recovery Act 1999 LAWS SP. SESS. CH. 4 recognizes the importance of small forest landowners. The legislature finds that increasing regulatory requirements continue to diminish the economic viability of small forest landowners. The concerns set forth in RCW 77.85.180 about the importance of sustaining forestry as a viable land use are particularly applicable to small landowners because of the location of their holdings, the expected complexity of the regulatory requirements, and the need for significant technical expertise not readily available to small landowners. The reduction in harvestable timber owned by small forest landowners as a result of the rules adopted under RCW 76.09.055 will further erode small landowners' economic viability and willingness or ability to keep the lands in forestry use. Land removed from forest use will reduce the amount of habitat available for salmon recovery and conservation of other aquatic resources, as defined in RCW 76.13.100(1).

Non-industrial private forest (NIPF) landowners represent the single largest ownership of productive forestland in the United States. The value of this ownership is not well understood by the general public or by natural resource agencies. Across the nation, NIPF landowners represent 59% of the available forestland (Birch 1994). It is estimated that approximately 90% of currently listed endangered species depend on private forestland for some of their habitat needs (National Academy of Science 1998). Washington State's NIPF landowners own approximately 19% (approximately 3.1 million acres) of this state's forestland (Ballinger 1997).

NIPF acreage is ecologically significant. These family owned forests also have an importance to communities and ecosystems that extends far beyond their acreage alone. In western Washington, NIPF lands tend to be located at low elevations on highly productive forest sites (including many biologically important lowland riparian areas). These forest areas are often the interface between urbanizing population centers and middle and higher elevations where federal, state, and industrial forestland is found. In many cases these forests constitute the "buffer" between local communities and the large tracts of industrial forestlands, thereby minimizing the contrasts between urban settings and industrial forest management practices. Many of these forest owners represent multi-generational families within the community and are an important part of the region's culture. These families support local schools and civic

organizations, and the revenue from tree farming families represents real income; *i.e.*, goods are produced from a renewable natural resource to provide a value-added commodity. These profits stay in the community, promoting long-term economic viability and community health.

Historically, risks affecting NIPF landowners consisted primarily of fluctuating markets and the impacts of natural disasters such as fire and drought. Recently, forestland owners have encountered increasing forest practice regulation. Changing regulatory constraints may result in economic hardships for small forest landowners and cloud the future for new investments in family forestry. Planting a tree is a minimum 50-year gamble and a changing regulatory climate simply increases the investor's risk. Such regulatory uncertainty, in the face of rapidly rising western Washington real estate values, has caused many NIPF landowners to question keeping their lands in forest use. Over the last ten years, 56 square miles per year (100 acres per day) of NIPF land in Washington State have been converted to residential and commercial use (WA Department of Natural Resources 1998).

Conversion of non-industrial private forestland to other uses will continue to occur for a variety of reasons. One of the driving forces contributing to this conversion is the growing population of Washington State, which is expected to double in the next 40 years (WA Department of Natural Resources 1998). Some non-industrial private forest managers have invested in timberland with the expectation that they will convert the land to non-forest use at some point in the future. At our current rate of conversion, which by most is considered conservative, we will lose approximately one half million acres of non-industrial private forestland within the next 10 years - most of it in the low elevation, highly productive areas of western Washington. To help natural resource policy makers focus their efforts on creating policies and incentives for maintaining economically viable non-industrial private forestland in key watersheds and other critical habitat areas, the legislature has required the Department of Natural Resources to provide spatially explicit demographic information on non-industrial private forests and woodlands. This data will allow them to focus their efforts on creating policies and incentives for maintaining economically viable non-industrial private forestland in key watersheds and other critical habitat areas. With limited time and fiscal resources, it is essential that natural resource policy makers have the tools necessary to focus their efforts in areas that will maximize benefits to public resources.

It should be noted again that the definition of "non-industrial private forests and woodlands" used in the statute is not the definition that was previously used to collect demographics on small forest landowners. The information in the Washington State Small Forest Landowner

Demographics section of this report is based on either the definition of non-industrial private forest used by Blatner et al (less than one thousand acres) or the new Salmon Recovery Act (forest owners who harvest less than 2 million board feet on an annual basis).

Washington State Small Forest Landowner Demographics

To date, small forest landowners have been most commonly referred to as “non-industrial private forest” (NIPF) landowners. NIPF landowners are defined as persons owning less than 1000 acres of forested land who are not directly affiliated with a wood processing plant (Koss 1978). The Washington State Department of Revenue has broken private landowners into two groups, 1) Private Large - companies and individuals with statewide holdings totaling 1,000 acres or more, and 2) Private Small - companies and individuals having statewide holdings totaling less than 1,000 acres (Larsen 2000).

In 1999, with the passage of the Salmon Recovery Act (RCW 76.13.010), private forest landowners who harvest less than 2 million board feet of timber per year were given the new designation of “Small Forest Landowners”. This designation changed the concept of NIPF landowners based on the size of their landholdings to the quantity of timber they harvest on an annual basis. Landowners who meet this definition make a commitment to limit their harvest, thereby reducing impacts on the environment. This definition also allows larger landowners (up to 4000 acres on a 100 year harvest rotation) who apply a “light touch” management regime to benefit from small forest landowner policy. Ultimately this new designation will benefit small landowners as a group, as well as public resources. Small landowners will have a definition based on the impact of their management regime and public resources will benefit from the commitment to minimized harvest levels that reduce impacts upon the forested environment.

Most counties maintain a list of landowners and the parcel size of their landholdings, but currently no statewide-computerized list of NIPF landowners exists (Blatner 2000). An initial review of the primary literature on NIPF landowners also reveals that little research has been conducted, which profiles either their landholdings or their management practices and objectives. Only two known studies were conducted in Washington State, one in 1978 by the Department of Natural Resources, and one in 1998 and 1999 by Washington State University and the Department of Natural Resources. Both of these studies targeted NIPF landowners on the basis of their former definition and therefore include respondents who may have harvested in excess of 2 million board feet in any given calendar year.

For the purpose of creating a current generalized profile of small or non-industrial private forest landowners, the following demographic information has been summarized from Blatner's (2000) survey of nearly 600 NIPF (less than 1000 acres) landowners from both the east and west sides of Washington State.

- **Landholdings:**

Washington's NIPF forested holdings total 3.1 million acres or 19.3% of the state's total commercial forested land. Owners harvested nearly 1.2 billion board feet (Scribner scale) in 1998, accounting for 29.3% of the volume of timber harvested in Washington State. Median ownership for all respondents was 40 acres, while the mean holding size was 115 acres. Almost ninety percent of the respondents' lands was held as individual ownership, and nearly half had a permanent residence on their property. Twenty percent of the forested holdings were held as part of a farm or ranch. Twenty seven percent had a fish-bearing stream. This information study was gathered prior to the new stream typing rules. The current number is expected to be much higher).

- **Landowner Values:**

Fifty eight percent of the owners expressed a desire to keep the land in the family in the future. At least eighty five percent of the respondents rated each of the following reasons for land ownership as somewhat to very important: "attachment to land," "legacy for children," "satisfaction from owning land," "privacy" and "scenic beauty." Nearly half the respondents also indicated that income from the sale of timber was a somewhat to very important ownership objective.

- **Timber Harvest Behavior:**

Twenty one percent of those who had sold timber from their lands indicated they had sold timber earlier than expected due to concerns over changing harvest regulations. Eighty three percent of the owners' most recent timber sales occurred in the years 1990 through 1999, a period of dramatically increasing prices as well as increasing regulation. Twenty four percent of all respondents indicated that they planned to sell timber within the next five years, while an additional twenty eight percent indicated that a timber sale was possible at some future date. Only thirty seven percent of those having sold timber sought advice from a consulting or public agency forester. Thirty five percent of the respondents reported relying on the advice of the loggers.

- **Results:**

The results of Blatner's survey suggest several important conclusions. Owners expressed a variety of ownership objectives. Various non-monetary benefits, including the satisfaction from owning land and

providing wildlife habitat, were somewhat to very important to a large proportion of owners. Nearly half of the respondents also rated income from the sale of timber as somewhat to very important. They also tended to view their land as part of a larger system. Conversely, responses also reflected the struggle to balance environmental concerns with the costs of ownership.

To date, all information on small forest landowners from federal, state, and county sources is in tabular format and covers the broad definition of NIPF landowners who have landholdings ranging from 20 to over 1000 acres. In order to adequately understand the demographic of forested landowners who meet the new definition of a Small Forest Landowner in RCW 76.13.120 (2)(c), a greater effort will be necessary to survey and collect new data. Combining digitized county tax parcel databases, Department of Revenue indexes, and landowner surveys will all be necessary to accomplish this objective.

Forest Practice and Road Maintenance Applications:

The current Forest Practice applications database doesn't discern between industrial and non-industrial private applications. The Small Forest Landowner Office is working with the division staff on a new application format that will allow information on non-industrial private forest landowners to be identified in the Forest Practice Application database.

A County Example of the Proposed Small Forest Landowner Office Database

Washington State University Extension Services in Lewis County, Washington, used a portion of the county's digitized tax parcel database to illustrate small forest landowner (less than 1000 acres) demographics as part of the development of a voluntary, programmatic habitat conservation plan for the county's small forest landowners. This database was used to provide an example of the potential information that could be utilized with a comprehensive, spatially explicit statewide database. The acreage breakdown for Lewis County small forest landowners is as follows:

- Total Small Forest Landowner Acres: 110,648
- Acreage in Parcels less than 20 acres: 16,657
 - Number of owners with parcels less than 20 acres: 1515
 - Acreage in Parcels between 20.1 and 100 acres: 64,056
 - Number of owners with parcels between 20.1 and 100 acres: 1157
 - Acreages in Parcels between 100.1 and 1000 acres: 29,935
 - Number of owners with parcels between 100.1 and 1000 acres: 166
 - Average parcel size equal 34 acres (Blatner et al reported 40 from their statewide survey)

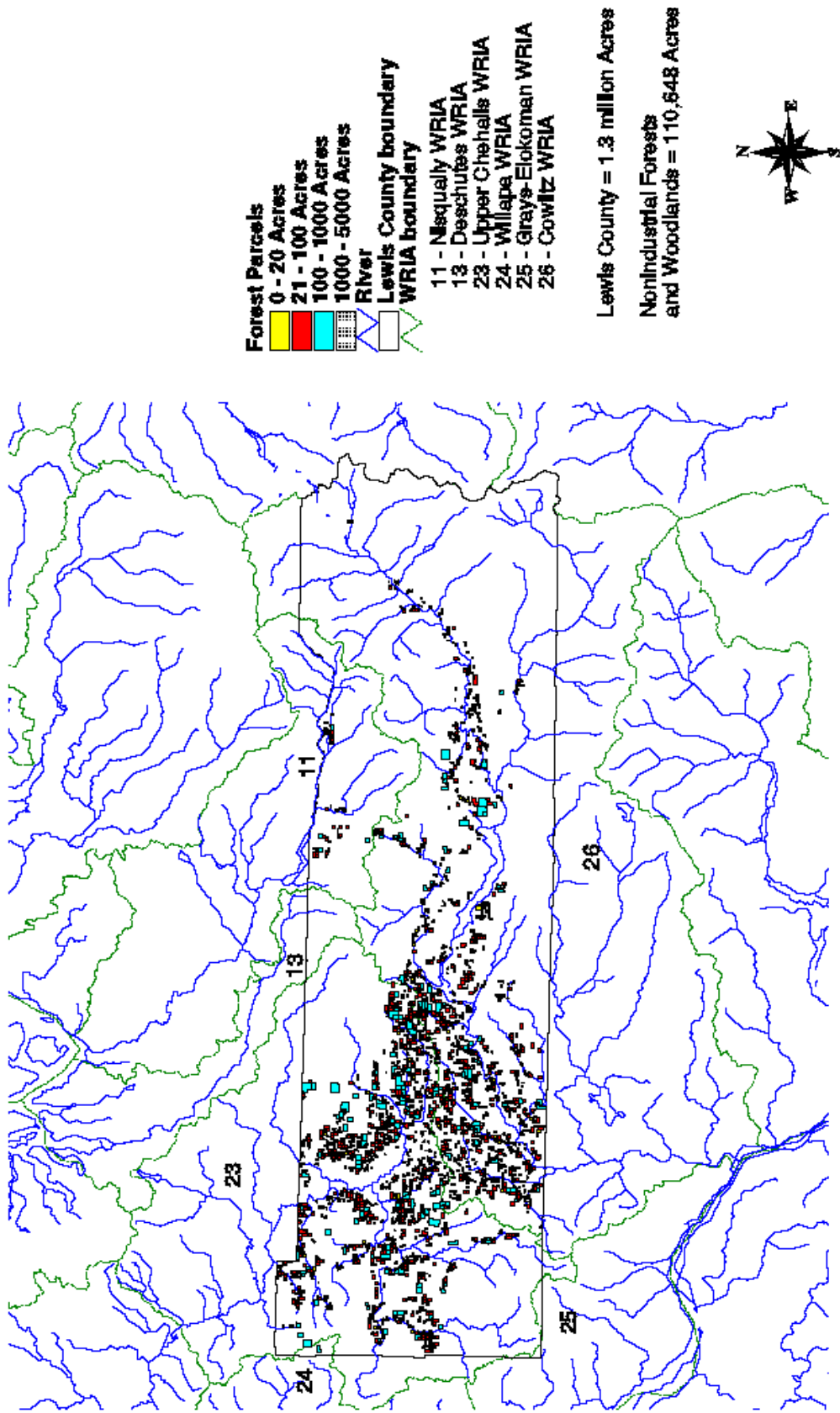
A digitized tax parcel database, when combined with other Geographic Information System (GIS) coverages, provides a powerful tool for analysis. Figure 1 was created from the Lewis County digitized tax parcel database with small forest landowner parcels delineated by acreage classes and overlaid with the DNR hydro layer and Watershed Resource Inventory Area coverage. Additional layers or coverages, such as county zoning, roads, land-use and the Limiting Factors Analysis can be added, which would provide a database capable of assessing the cumulative impacts of small forest landowner Alternate Plans. "Limiting factors," means conditions that limit the ability of habitat to fully sustain populations of salmon. These factors are primarily fish passage barriers and degraded estuarine areas, riparian corridors, stream channels, and wetlands. The Limiting Factors Analysis database was created by the Conservation Commission under the Salmon Recovery Act and includes a spatial database showing stream reaches with known salmon presence along with associated tabular data regarding limiting factors for stream segments.

Figure 1 depicts a visual image from a database with trends that apply to most western Washington small forest ownerships:

- Small forest ownerships tend to follow historic settlement patterns and are congregated near salmon bearing streams providing critical habitat function.
- Small forest landownership tends to be fragmented, making cumulative effects analysis critical for an understanding the impact this type of ownership has on public values.
- Such analysis tools are critical to understanding the impact this ownership type has on public values.

Lewis County **Nonindustrial Forests and Woodlands**

Figure 1



Small Forest Landowner Office Database Proposal

Current Environment

In order for the Office to be fully functional and meet statutory requirements, it must have a database capable of describing its constituency. Currently there is no comprehensive or spatially explicit database on non-industrial private forestland ownership in Washington State. This database is critical for the Office to fulfill the legislative intent for non-industrial private forestland demographics, cumulative effects analysis of Alternative Plans and serving as a focal point on non-industrial private forestland issues. Given the scope and cost of a statewide project, a 10-county pilot is proposed to establish the methodology and cost of a complete database, while providing data for analysis of several key locations. Counties with existing digitized tax parcel databases will provide the base coverage for the following proposed pilot project.

Description

The proposed pilot project would focus on gathering spatial and tabular data from counties with existing Geographical Information System databases (Thurston, Lewis, Cowlitz, Skamania, Grays Harbor, Clark, King, Ferry, Yakima and Spokane). The core data coverage is the county's digitized tax parcel layer with tax parcel identification numbers. The tax parcel ID number will be linked to the Department of Revenue's database for establishing whether or not a parcel is defined as private non-industrial (harvests totaling less than 2 million board feet per year). Other data layers will include: the DNR's Hydrography and Orthophoto coverages, the Salmon Recovery Board's Limiting Factors Analysis coverage, each county's land use coverage, and the Water Resource Inventory Area (WRIA) boundary coverage. The GIS software for the project will be ARCINFO and ARCVIEW. Database software will be Oracle and Access with Excel and Word used as output programs. Several programs, projects and agencies would benefit from the development of this database including the DNR's Forest Practices Division, the DNR's Forest Stewardship program, the Salmon Recovery Funding Board, Washington State Department of Fish and Wildlife, Washington State Department of Ecology, the U.S. Fish and Wildlife Service and the National Marine Fisheries Service.

Problems/Business Impacts

There are a variety of obstacles that prevent the Small Forest Landowner Office from compiling information requested by the legislature from the current demographic data (tabular) sets. For example, no uniform definition of non-industrial private landowners has been used in the efforts to describe this ownership in the past, making an extrapolation of existing data problematic. No spatially explicit databases of any scale have been compiled on non-industrial private forest ownership. We are currently losing 100 acres per day in western Washington alone to conversion of non-industrial private forestland to non-forest uses (WA Department of Natural Resources 1998). Ultimately, without spatially explicit information on this ownership, natural resource policy makers will be unable to quantify the public values that these ownerships provide or develop regulatory incentives so that these benefits continue to exist.

Business Goals and Objectives

The primary goal of this project is to create a pilot project that would provide the data (from the 10 counties with the digitized tax parcel databases) that the legislature has requested the Small Forest Landowner Office to compile. Based on the success of the project, the Office would request funding to expand and implement the project on a statewide basis. A secondary goal is to develop a database that would facilitate the cumulative effects analysis on the Alternate Plans developed by the Office as required by RCW 76.13.110 (3). A third goal is to quantify non-industrial landowners in a manner explicit enough to contribute to natural resource planning efforts involving non-industrial private forestland. It should be noted that the Forest and Fish policy group supports this pilot project.

Risks/Mitigation

The Small Forest Landowner Office will not be able to fulfill its legislative mandate nor accurately describe its constituency without the analysis the proposed database will provide. Without this database the potential environmental benefits or impacts upon small forest landowners will continue to remain largely subjective.

Costs/Funding

The proposed funding level for the 10-county pilot project is estimated at \$250,000. It is estimated that the data can be acquired at \$15,000 per county and that the development of the database and analysis will require \$100,000. This request has been made as part of the DNR's

Forests and Fish Report budget enhancement request and is supported by Forests and Fish Policy group members.

Benefits

This project will allow the Small Forest Landowner Office to develop a database describing the demographics of their constituency in the comprehensive, spatially explicit manner required to meet the legislative directive, including the cumulative impact analysis of any proposed alternate plans. Natural resource planning efforts, from local government to statewide processes, will benefit from the analysis provided by the proposed database.

Incentives for Small Forest Landowners

Forest Riparian Easement Program (FREP)

The FREP offers small landowners 50% of the value of timber that cannot be harvested under the new forest practice rules in return for a 50-year easement on the timber. Conceptually, this program is extremely significant in that it acknowledges the public values provided by small forest landholdings. As a new program, it remains to be seen if the current FREP contract is attractive to small forest landowners. The Small Forest Landowner Office has made the development and promotion of the FREP its statewide priority. The office will begin a statewide outreach and informational effort on the FREP in January 2001. The effort will be facilitated with the implementation of a Small Forest Landowner Office web page, which is currently under internal review and will be available to the public in January 2, 2001. The Office will be actively seeking feedback from landowners through out this outreach effort in regards to the FREP documentation.

Small Landowner Alternate Plans

The alternate planning process provides another option for small forest landowners to allow them to work with agencies to develop site-specific plans to provide protection at least equal in overall effectiveness by alternate means. The Small Forest Landowner Office and its Advisory Committee have developed draft rule language for alternate plans. Forests and Fish participants are reviewing this proposal before presenting it to the Forest Practices Board. For these plans to be successful they will need to be operational for a time frame that will provide some sense of regulatory stability to small landowners in order for there to be an incentive to go through the alternate planning process.

- The current language in RCW 76.13.130 creates an exemption for small parcels (less than 20 acres) from the Forests and Fish rules and requires the Office to work with these landowners to develop alternate plans. According to the US Fish and Wildlife Service and National Marine Fisheries Service this exception does not meet federal requirements under the Endangered Species Act. Further clarification from the legislature regarding their intent with this language may be necessary to resolve this conflict.

Programmatic Habitat Conservation Plans

Ultimately, long-term regulatory stability for small forest landowners will require more sophisticated planning efforts, such as multiple species (Forest and Fish covers aquatic species only) conservation agreements

with both state and federal agency approval. A pilot project for a programmatic Habitat Conservation Plan is currently underway in Lewis County for non-industrial private forest landowners on a voluntary basis. If successful, this pilot project could be used as a template for areas where Endangered Species Act issues are of concern to small forest landowners. The Forests and Fish Policy group has identified Habitat Conservation Plans as the long term planning mechanism for small forest landowners.

Carbon Sequestration Credits for Long-term Forest Management

There is potential for small forest landowners to receive compensation for the carbon sequestered by their forests. The influence of an upfront payment on the return of a forestry investment is significant. Such an incentive may provide landowners with the economic ability to significantly lengthen the rotation age of their harvests, thereby providing higher quality wood products and late successional habitat types in low elevation forests.

Summary

Non-industrial forest management is an investment, and management decisions are asset management decisions. Measurement of the cumulative effect of individual asset management can be used to characterize a healthy economy. All investments have an impact on the environment, whether direct or indirect, and each citizen has a responsibility for the ecological impact of his or her asset management decisions. Well-managed non-industrial private forests make positive contributions to the environment and associated public values. Economically viable non-industrial private forests contribute family wages and natural resource based dollars to local economies.

Through the establishment of the Small Forest Landowner Office, the Washington State Legislature has acknowledged the public value of non-industrial private forestry. Past surveys of non-industrial private forest landowners indicate that the landowners exhibit a strong land ethic and are struggling to balance environmental values with maintaining an income from their land (Blatner 2000, Koss 1978). Further studies that assessed landowners' valuation of the technical assistance provided to them by both public and private agencies indicate that landowners found such assistance to be very valuable in making management decisions (Blatner 1991). The Office, with continued legislative and public support, is committed to engaging small forest landowners in mutually determining best management practices for their forest resources.

Further, in order to ensure that nonfederal forestlands are managed in ways that make appropriate contributions to the recovery of salmonid fish, water quality, and related environmental amenities *while* encouraging continued investments in those lands for commercial forestry purposes, the Office is committed to pursuing the development of alternate management and harvest plans. Ultimately the Office will strive to foster non-industrial private forestry management practices that remain economically viable, and therefore can continue to contribute to local economies while maintaining vital public resource assets.

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